



BOARD/COMMISSION RECOMMENDATION

Austin Tourism Commission

Recommendation Number: 20190812-3(A): Short-Term Rentals

WHEREAS, thousands of people visit Austin each year and stay in short-term rentals without the comprehensive collection of hotel taxes, which deprives the City of Austin of additional funding for cultural arts, historic preservation, and tourism promotion; and

WHEREAS, the City of Houston has reached an agreement with one short-term rental platform and is expected to collect over \$3 million in additional hotel taxes. The State of Texas and City of Plano have also reached similar agreements; and

WHEREAS, it is estimated that 20 percent of tourism bookings in Austin are managed by short-term rentals with a significant portion of revenue uncaptured; and

WHEREAS, the Texas Comptroller reported collections of over \$40 million in revenue from one short-term rental platform, from properties in Austin, in the first quarter of 2019. This revenue would amount to over \$3.6 million in Chapter 351 tax revenues for the City of Austin; and

WHEREAS, there is a significant need for additional expenditures related to commercial music support which would help preserve our city's uniqueness; and

WHEREAS, the commercial music sector in Austin has shown to bring in over \$1.2 billion dollars in tourism-related economic activity to Austin, annually; and

WHEREAS, there is a significant and growing population of Austinites who are experiencing homelessness, which impacts the tourism industry; and

WHEREAS, an agreement with short-term rental platforms could include a dedicated voluntary assessment as one mechanism to find much needed funding to address homelessness in Austin.

NOW, THEREFORE, BE IT RESOLVED that the Tourism Commission recommends that the Austin City Council work to reach an agreement with the Short-Term Rental Platforms operating in Austin to collect Hotel Occupancy Taxes directly from the platform in aggregate for all bookings through such platforms.

BE IT FURTHER RESOLVED that such Hotel Occupancy Taxes, as collected, be within the current proportional allocations including 15% for Historic Preservation and 15% for the arts. The legal maximum of 15% of Short-term rental revenues, as dedicated for the arts, should be allocated to support projects and programs that directly affect the bottom line of musicians, music venues, and/or other objectives that support music-related tourism in Austin.

BE IT FURTHER RESOLVED that the Austin City Council should work to reach an agreement with Short-Term Rental Platforms which would include an additional 1% voluntary assessment against gross rental revenue from all Short-Term Rentals.

BE IT FURTHER RESOLVED that the revenues from such a voluntary assessment should be allocated to the mitigation of issues relating to homelessness in Austin.

BE IT FURTHER RESOLVED that part of the negotiations should include requirements for transparency of reporting consistent with transparency applicable to all other lodging operators.

Date of Approval: August 12, 2019

Record of the vote: Motioned by Commissioner Fuentes, Seconded by Commissioner Riedie.

Votes For: Whittington, Joslove, Rodriguez, Rodgers, Alexander, Cannatti, Fuentes and Riedie

Votes Against:

Votes Abstained:

Attest:



Caitlin Whittington, Board Chair

(Staff or board member can sign)